



# STATE OF IOWA

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DEPARTMENT OF HUMAN SERVICES  
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## INFORMATIONAL LETTER NO. 965

**DATE:** November 8, 2010  
**TO:** Iowa Medicaid Case Managers, Department of Human Services (DHS) Service Workers, Independent Support Brokers, and Home and Community Based Services (HCBS) Specialists  
**FROM:** Iowa Department of Human Services, Iowa Medicaid Enterprise (IME)  
**SUBJECT:** Consumer Choices Option Rule Changes  
**EFFECTIVE:** November 1, 2010

The Consumer Choices Option (CCO) has been available to members of the AIDS/HIV, Brain Injury, Elderly, Intellectual Disability, Ill and Handicapped, and Physical Disability waivers since 2006. There are currently over 1,400 members that are choosing to self direct their services through CCO. In response to the national growth of self direction programs, the Centers for Medicare and Medicaid Services (CMS) issued State Medicaid Directors Letter #09-007 to give guidance to states that are developing self direction programs. Effective November 1, 2010 new rules will be in effect for the CCO. The rules have been amended to the Iowa Administrative Code (IAC) to come into compliance with federal guidance on self direction programs and to clarify how CCO budgets may be used to purchase optional goods and services. The new rules can be found in the IAC 441- Chapter 78 for each of the applicable waivers:

[http://www.dhs.state.ia.us/policyanalysis/PolicyManualPages/Manual\\_Documents/Rules/441-78.pdf](http://www.dhs.state.ia.us/policyanalysis/PolicyManualPages/Manual_Documents/Rules/441-78.pdf)

With CCO, the member acts as the employer of record and has budget authority to use the CCO budget towards meeting needs that have been identified in their service plan. The amended rules will:

- Clarify that services, supports, and items purchased with a CCO individual budget must be directly related to a personal goal and assessed need of the member as identified in the member's service plan.
- Specify that respite services are not subject to the CCO utilization factor in determining the amount of an individual budget.
- Clarify that the individual budget must be approved before purchases are made.
- Remove the ability of a member to hire a person with a criminal or abuse history to provide CCO services.
- Establish criteria for the purchase of individual-directed goods and services and adds a list of items that cannot be purchased using the CCO individual budget.
- Establish criteria for the development and use of a savings plan within the CCO individual budget.
- Clarify the reimbursement rates that can be negotiated between a member and the member's employees and the timelines for submitting invoices and time cards for reimbursement through CCO.

## **CCO Budget Development**

The amended rules will have an impact on how CCO budgets are created and used to meet the identified needs of a member. A few things to remember:

- A CCO budget is created by converting traditional waiver services to purchase optional goods and services.
- The CCO budget is based on assessed service needs and must be used to meet the needs as identified by the traditional services that have been authorized in the service plan.
- A case manager/service worker should not do anything different in authorizing waiver services when CCO is being used.
- Services must be authorized based on the assessed need of the member, not on the need for a specific dollar amount within a CCO budget or an amount needed to purchase a specific item.
- Once needed services are authorized within a service plan, a member has the option of using a traditional waiver provider or CCO to get their needs met. Service needs do not change when CCO is used.
- CCO offers flexibility to get the same service needs met through the purchase of optional goods and services.

## **CCO and Respite**

Issues have been identified with respite services within CCO budgets. Because of the way the utilization factor is applied to respite services, the budget amount was often not enough to meet the respite needs of the member. Subsequently, a case manager/service worker would authorize more respite than was needed in order to get a budget high enough to meet the respite needs of the member. The amended rules will eliminate the utilization factor that is currently applied to respite service. Respite that is authorized to begin on or after November 1, 2010 will create a budget based on the statewide average cost for respite services. In order to make this change cost effective, respite services within a CCO budget must be used to purchase respite services only and may not be placed into savings for the purchase of additional goods or non-respite services. CCO budgets may continue to identify saving respite funds for future respite services.

## **Non-covered Items**

In the past, CCO budgets have been used to purchase many different types of goods and services for members. CCO does offer flexibility in meeting identified needs but does have some limits on what is allowable for purchase. With the guidance from CMS and a historical review of CCO purchases in Iowa, the list of items not covered by CCO has been expanded. This list may be found in Iowa Administrative Code 441- Ch. 78 of the rules.

## **Savings Plans**

The rules establish criteria for developing savings plans. Anytime a member chooses to save some of the monthly budget to purchase individual-directed goods and services, a saving plan must be created. Items purchased must address an assessed need or goal that is identified in the member's service plan. The saving plan must be written and will identify:

- The specific goods, services, supports or supplies to be purchased.
- The amount of the individual budget allocated each month to the savings plan.
- The amount of the budget allocated each month to meet the identified service needs.

- How the member's assessed needs will continue to be met through the individual budget when funds are placed into savings.

Savings should come from efficiencies in meeting the identified needs of a member, not from forgoing or reducing needed services. Only the identified funds in the saving plan may be placed into savings. With the exception of funds for respite care, the saving plan cannot include funds that were budgeted for direct services that were not received. If CCO employees are sick or do not provide the scheduled service for any reason, the unused funds will revert back to Medicaid at the end of the month.

Any item that is being requested for purchase must be identified in the case manager/service worker's service plan. This is to assure that Medicaid funds are directly related to an assessed need of the member. The annual reassessment of a member must take into account any purchased item or service that substitute for human assistance. Adjustments shall be made to the authorized services used to determine the individual budget based on the reassessment.

Please share this information with current members accessing CCO. If you have any questions concerning the new rules, please submit them to [HCBSWaivers@dhs.state.ia.us](mailto:HCBSWaivers@dhs.state.ia.us). Please include CCO or Consumer Choices Option in the subject line of the e-mail. Responses to the questions will be placed on the IME website.